

MWH TREATMENT PENSION PLAN (“the Plan”)

IMPLEMENTATION STATEMENT FOR YEAR ENDING 31-03-2024

Introduction

On 6 June 2019, the Government published the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 (the "Regulations"). The Regulations require that from 1 October 2020, the pension scheme trustees of defined benefit schemes outline how they have ensured that the stewardship policies and objectives set out in the Scheme's Statement of Investment Principles ("SIP") have been adhered to, by preparing an Implementation Statement. The Implementation Statement must:

- Explain how and the extent to which pension scheme trustees have followed their engagement policy, which is outlined in the SIP.
- Describe the voting behaviour by, or on behalf of the trustees (including the most significant votes cast by trustees or on their behalf) during the scheme year and state any use of the services of a proxy voter during that year.

Scheme Stewardship Policy Summary

The below bullet points summarise the Scheme’s Stewardship Policy in force over the reporting year to 31st March 2024. The full SIP can be found in Appendix I.

The Trustee recognises the importance of its role as a steward of capital and the need to ensure the highest standards of governance and promotion of corporate responsibility in the underlying companies and assets in which the members invest, as ultimately this creates long-term financial value for the Scheme and its beneficiaries.

- The Trustee does not invest members’ contributions directly in assets such as equities and bonds, instead they use a range of investment funds provided by Aegon.
- The Trustee annually reviews the stewardship activity of Aegon to ensure the Scheme's stewardship policy is being appropriately implemented in practice. The Trustee receives annual reports on stewardship activity carried out by Aegon.
- As part of the management of the member's assets, the Trustee expects Aegon to:
 - Ensure that (where appropriate) the underlying investment managers exercise the Trustee's voting rights in relation to the member’s assets; and
 - Report to the Trustee on stewardship activity by underlying investment managers as required.
- The Trustee will engage with Aegon as necessary for more information, to ensure that robust active ownership behaviours, reflective of the active ownership policies, are being actioned.

Policy for compliance with Section 36 of the Pensions Act 1995 (choosing investments)

A full review of the underlying investment fund range, default option and fund usage was undertaken for the Plan in November 2022. This review was undertaken by the Trustee’s appointed investment adviser, who as an FCA authorised adviser with extensive experience of advising on occupational

pension scheme investments, was deemed by the Trustee as having the required knowledge and skills to provide such advice.

The outcome of the review did not lead to any change in the range of funds being offered or the default fund being utilised.

Policy for taking into account financially material considerations, including environmental, social and governance aspects. In addition, the Policy for exercising voting rights, corporate governance and engagement principles.

In line with the Trustee's policy in these areas, all investment decisions are delegated to the managers of the underlying pooled funds. Aegon have provided a document that outlines BlackRock's voting policy. This document is attached as Appendix II to this statement. With the exception of the two funds listed below, all investments under the Plan are managed by BlackRock. The two funds not managed by BlackRock account for less than 1% of total monies invested within the Plan (as at 31st March 2024).

- Aegon HSBC Islamic Ethical Equity Fund (0.64% of total scheme assets)
- Aegon LGIM Ethical UK Equity Fund (0.24% of total scheme assets)

BlackRock welcome discussions with their clients on engagement and voting topics and priorities to get their perspective and better understand which issues are important to them. As outlined in BlackRock's Global Principles, BlackRock determines which companies to engage directly based on Aegon's assessment of the materiality of the issue for sustainable long-term financial returns and the likelihood of their engagement being productive. BlackRock's voting guidelines are intended to help clients and companies understand their thinking on key governance matters. They are the benchmark against which BlackRock assess a company's approach to corporate governance and the items on the agenda to be voted on at the shareholder meeting. BlackRock apply their guidelines pragmatically, taking into account a company's unique circumstances where relevant.

BlackRock intend to vote at all shareholder meetings of companies in which the scheme members are invested. In certain markets, there might be regulatory constraints or operational issues which can affect BlackRock's ability to vote certain proxies, as well as the desirability of doing so. BlackRock do not support impediments to the exercise of voting rights and will engage regulators and companies about the need to remedy the constraint. Where BlackRock experience impediments in relation to a specific shareholder meeting, they will review the resolutions to assess whether the business under consideration warrants voting despite the complications caused by the impediment.

Voting and Engagement activity – Underlying Managers (applicable to those funds where stated)

Over the period, the majority of members were invested in the Aegon BlackRock LifePath Flexi Plan. LifePath Flexi will glide (automatically change the investment mix) towards an asset allocation split of approximately 40% global equities and 60% fixed income by its target retirement date. When the relevant fund reaches its target date, members will be invested directly in an undated LifePath Flexi fund which will maintain the same 40%/60% asset allocation mix into retirement to support income drawdown. This option assumes members are comfortable to remain invested in retirement and that they are aware that this means their fund may fall in value.

BlackRock believes that companies are responsible for ensuring they have appropriate governance structures to serve the interests of shareholders and other key stakeholders. Aegon believe that there are certain fundamental rights attached to shareholding. Companies and their boards should be accountable to shareholders and structured with appropriate checks and balances to ensure that they operate in shareholders' best interests to create sustainable value. Shareholders should have the right

to vote to elect, remove, and nominate directors, approve the appointment of the auditor, and amend the corporate charter or by-laws.

Consistent with these shareholder rights, Aegon believe BlackRock has a responsibility to monitor and provide feedback to companies, in Aegon's role as stewards of their clients' investments. BlackRock Investment Stewardship ("BIS") does this through engagement with management teams and/or board members on material business issues including environmental, social, and governance ("ESG") matters and, for the Trustee who has given Aegon authority, through voting proxies in the best long-term economic interests of their clients. Aegon also participate in the public debate to shape global norms and industry standards with the goal of a policy framework consistent with their clients' interests as long-term shareholders.

BlackRock looks to companies to provide timely, accurate, and comprehensive reporting on all material governance and business matters, including ESG issues. This allows shareholders to appropriately understand and assess how relevant risks and opportunities are being effectively identified and managed. Where company reporting and disclosure is inadequate or the approach taken is inconsistent with Aegon's view of what supports sustainable long-term value creation, Aegon will engage with a company and/or use their vote to encourage a change in practice.

BlackRock views engagement as an important activity; engagement provides Aegon with the opportunity to improve their understanding of the business and ESG risks and opportunities that are material to the companies in which their clients invest. As long-term investors on behalf of clients, Aegon seek to have regular and continuing dialogue with executives and board directors to advance sound governance and sustainable business practices, as well as to understand the effectiveness of the company's management and oversight of material issues. Engagement is an important mechanism for providing feedback on company practices and disclosures, particularly where Aegon believe they could be enhanced. Aegon primarily engage through direct dialogue but may use other tools such as written correspondence to share their perspectives. Engagement also informs Aegon's voting decisions.

The team and its voting and engagement work continuously evolves in response to changing governance related developments and expectations. Aegon's voting guidelines are market-specific to ensure they take into account a company's unique circumstances by market, where relevant. Aegon inform their vote decisions through research and engage as necessary. Aegon's engagement priorities are global in nature and are informed by BlackRock's observations of governance related and market developments, as well as through dialogue with multiple stakeholders, including clients.

The BlackRock Stewardship team publishes statements on their analysis, engagements and votes in relation to certain high-profile proposals at company shareholder meetings. They publish these bulletins to highlight several of their key voting rationales as informed by their global voting guidelines, including when they vote against directors due to: insufficient progress on climate-related disclosures (particularly with regard to TCFD/SASB-aligned reporting); concerns about remuneration and/or overboarding; concerns about board oversight; and risk management in high profile situations, among others. They do not disclose our vote intentions in advance of shareholder meetings as they do not see it as their role to influence other investors. Their role is to send a signal to the company about how well they believe the board and management has done in delivering long-term shareholder value. Their vote bulletins can be found here: <https://www.blackrock.com/corporate/about-us/investment-stewardship#engagement-and-voting-history>.

Policy for taking account of non-financial factors, including members' ethical views

In accordance with the policy set out under the SIP, the Trustees have not taken account of these factors during the Plan Year.

Summary

Overall, the Trustee is of the opinion the stewardship carried out on behalf of the Scheme is adequate, and in line with the stewardship policy as stated in the SIP. The Trustee notes the efforts from Aegon in monitoring the appointed underlying investment managers and encouraging better practices where appropriate.

The Trustee recognises that it has a responsibility as an institutional investor to encourage and promote high standards of stewardship in relation to the assets that the Scheme invests in. Accordingly, the Trustee continues to expect improvements over time, in line with the increasing expectations on investment managers and their significant influence to generate positive outcomes for the members, through considered voting and engagement.

Signed for and on behalf of the Trustee of the Plan

22 August 2024

Appendix I <https://schemes.vidett.com/wp-content/uploads/MWH-Treatment-Statement-of-Investment-Principles-Aug-23-132.4.pdf>

Appendix II <https://www.blackrock.com/corporate/literature/publication/2024-investment-stewardship-voting-spotlight.pdf>

Appendix III <https://www.blackrock.com/corporate/literature/fact-sheet/blk-responsible-investment-engprinciples-global.pdf>